

**BUSINESS**

# Lou's Village sale final

By **MERCURY NEWS** | [themerc@bayareanewsgroup.com](mailto:themerc@bayareanewsgroup.com) and **KATHERINE CONRAD** |  
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San Jose's venerable Lou's Village sold for a cool \$15 million Wednesday to SummerHill Homes of Palo Alto, ending almost two anxious years for Tim and Tom Muller as they watched their beloved restaurant bounce from one home builder to another.

SummerHill, the third buyer for the 5-acre site, plans to break ground on Village Square, a 95-unit townhome project, in the spring. When the 5,500-square-foot restaurant, located on San Carlos Street since 1946, was demolished a few weeks ago, 56-year-old Tim Muller was there.

"It was like a funeral, but I had to go through the process," he said Wednesday. "I think my grandparents, who sacrificed and worked hard for Lou's, would be satisfied. But it's a building, not a person. You have to go on."

The homes, 20 percent of which are required to be priced "affordably," will start at about \$600,000.

"We're delighted to buy the property, close the property and build the property," said Joe Head, president of SummerHill. "We were always interested in the project. It speaks to our on-going presence in this market that the property re-presented itself and we were there."

Scott Menard, SummerHill's chief operating officer, said Thursday, "Escrow closed yesterday, so yes, we are the proud owners of Lou's Village."

Shea Homes of Livermore was also in negotiations a year ago to buy the site, but would not close escrow until the property was zoned to allow construction of a housing development. That didn't happen until August, but Shea had already walked away from the deal in April. Muller said Pinn Brothers also considered buying the property, but never went into contract.

"This has been a long haul for the two brothers," said David Taxin, a partner with the Campbell brokerage firm Meacham/Oppenheimer, who represented the Mullers. Believing the sale was final



"They could have had it open and running. The Mullers are restaurant people, not developers," he said. "It was a hard situation, they put their entire lives into that business that had been run by their dad and mom."

The difficulty of the sale speaks to the vagaries of the current housing market which has softened since its height in 2005 when the Mullers decided to sell.

"One guy is nervous, but the next guy thinks it's an opportunity," Taxin said. "The SummerHill guys are local and they understand the South Bay market. My hat is off to them."

Muller said selling the property taught him that in the business of development, money is paramount. "At the end of the day, the only leverage you have is the money you require from the developers in non-refundable deposits. The only way you can make them perform is by making them put a lot of hard money up that is too painful to walk away from," he said. "Joe Head did what he said he would do."

SummerHill, which built University Park, a single family home development in Palo Alto, has affirmed its commitment to buying infill sites in cities that are close to transportation corridors and jobs. To that end, it recently purchased the Palo Alto Elks Lodge on El Camino Real where it plans to build 49 homes next to a new Elks Lodge.

Muller, now a vice president of commercial development at Alliance Title, said he misses his customers, but he definitely does not miss dealing with "temperamental chefs," or working days, nights, weekends and holidays to keep the restaurant going.

Head, who was partial to the restaurant's fresh swordfish, said he has asked History San Jose to put together a retrospective of Lou's Village, which closed Dec. 31, 2005. By then, the landmark eatery had served San Joseans for 59 years, and had provided entertainment from the likes of the King Sisters, Lenny Bruce and even Lucille Ball.

Lou's Village, the place to see and be seen, was a part of Head's family life and his political career when he served as a San Jose City Councilman from 1989 to 1994. He remembers celebrating one of his children's high school graduations with a family meal at Lou's. It lasted more than two hours.

Despite the memories, Head said he is ready to move on with construction.

"I really believe that life grows," Head said. "As enjoyable as that experience was at Lou's Village, we get to provide people with another positive experience by building homes where they can live."

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